CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL   No. 686

Introduced by Assembly Member Chu

February 17, 2005

An act to amend Section 123822 of the Health and Safety *add and repeal Section 8546.10 of the Government* Code, relating to children's services.

LEGISLATIVE COUNSEL'S DIGEST

AB 686, as amended, Chu. Children's services.

Existing law provides for the California Children's Services Program, which is administered by the State Department of Health Services and under which services are provided to physically handicapped children under 21 years of age. Under existing law, the State Director of Health Services establishes standards relating to local administration and minimum services to be offered by counties in conducting the program. Existing law requires all claims for services provided under the program to be submitted to the state fiscal intermediary for payment.

This bill would provide that Medi-Cal edits applied to claims by the state fiscal intermediary that deny or reduce reimbursement shall not apply to claims for services authorized by the California Children's Services Program.

Existing law establishes in state government the Bureau of State Audits, whose duties are to examine and report annually upon the financial statements prepared by the executive branch and to perform other related assignments, including performance audits, that are mandated by statute and may conduct these audits of any state agency, any local governmental agency, including any city, county and school

or special district, or any publicly created entity. The State Auditor is also required to conduct any audit of a state or local governmental agency or any other publicly created entity that is requested by the Joint Legislative Audit Committee, as specified.

This bill would require the State Auditor to conduct an audit of the state's processing of claims for services as they relate to the California Children's Services Program and to issue and provide the audit report to the Legislature no later than May 31, 2006. The bill would require the State Auditor to provide to specified legislative committees an analysis of the auditee's one-year status report on the auditee's implementation of the recommendations contained in the audit report. The bill would remain in effect only until January 1, 2011, and as of that date would be repealed.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 8546.10 is added to the Government
2 Code, to read:
3 8546.10. (a) The State Auditor shall conduct an audit of the
4 state's processing of claims for services as they relate to the
5 California Children's Services Program, as set forth in Article 5
6 (commencing with Section 123800) of Chapter 3 or Part 2 of
7 Division 106 of the Health and Safety Code, which is
8 administered by the State Department of Health Services and
9 under which services are provided to physically handicapped
10 children under 21 years of age.
11 (b) The State Auditor shall issue and provide the audit report
12 to the Legislature no later than May 31, 2006. The State Auditor
13 shall provide to the Assembly Committee on Health, Assembly
14 Committee on Budget, Senate Committee on Health, Senate
15 Committee on Human Services, Senate Committee on Budget and
16 Fiscal Review, and Joint Legislative Audit Committee the State
17 Auditor's analysis of the auditee's one-year status report on the
18 auditee's implementation of the recommendations contained in
19 the audit report. It is the intent of the Legislature, if the results of
20 the status report warrant further inquiry, that the Joint
21 Legislative Audit Committee direct the State Auditor to conduct
22 additional audit work as described in this section and to issue an

1 *additional audit report by June 2008. If circumstances continue*
2 *to warrant additional work, it is the intent of the Legislature that*
3 *the Joint Legislative Audit Committee direct the State Auditor to*
4 *issue a third audit report by June 2010.*
5 *(c) The audit report shall include, but not necessarily be*
6 *limited to, all of the following:*
7 *(1) A review of a representative sample of the state's*
8 *processing of claims to program providers.*
9 *(2) A determination of whether the state's claim payment*
10 *practices result in inappropriate or inadvertent rejection of*
11 *legitimate program provider claims.*
12 *(3) A determination of whether the state's claim payment*
13 *practices result in reduced provider participation in the program*
14 *or a reduced access to medical care for program consumers.*
15 *(d) In preparing the audit report, as in the case of any other*
16 *audit, the Bureau of State Audits is subject to Section 8545.1.*
17 *(e) This section shall remain in effect only until January 1,*
18 *2011, and as of that date is repealed, unless a later enacted*
19 *statute, that is enacted before January 1, 2011, deletes or extends*
20 *that date.*
21 ~~SECTION 1. Section 123822 of the Health and Safety Code~~
22 ~~is amended to read:~~
23 ~~123822. (a) All claims for services provided under this~~
24 ~~article shall be submitted to the state fiscal intermediary for~~
25 ~~payment no later than January 1, 1999. The State Department of~~
26 ~~Health Services shall work in cooperation with the counties to~~
27 ~~develop a timeline for implementing the centralized billing~~
28 ~~system. If a department review of those counties participating in~~
29 ~~the centralized billing system demonstrates that as of January 1,~~
30 ~~2000, any county has incurred increased costs as a result of~~
31 ~~submitting claims for services to the state fiscal intermediary,~~
32 ~~that county may be exempt from this section.~~
33 ~~(b) Notwithstanding any other law, Medi–Cal edits applied to~~
34 ~~claims by the state fiscal intermediary that deny or reduce~~
35 ~~reimbursement shall not apply to claims for services authorized~~
36 ~~by the California Children's Services Program.~~

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